

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Des Moines, Iowa

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IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Des Moines, Iowa

BOARD OF DIRECTORS

IOWA SOYBEAN ASSOCIATION

| <u>Name</u> | <u>Position</u> | <u>District</u> |
|---------------------|------------------------|------------------------|
| John Askew | President | 7 |
| Ray Gaesser | President-Elect | 7A |
| Larry Marek | Secretary | 9 |
| Dean Coleman | Treasurer | 2 |
| Curt Sindergard | Exec. Committee Member | 1 |
| Brian Kemp | Director | 1A |
| Dan Beenken | Director | 2A |
| John Hoffman | Director | 3 |
| Yvonne Wente | Director | 3A |
| Sheila Hebenstreit | Director | 4 |
| Delbert Christensen | Director | 4A |
| Randy VanKooten | Director | 5 |
| A J Blair | Director | 5A |
| Ed Ulch | Director | 6 |
| Kevin Green | Director | 6A |
| Cliff Mulder | Director | 8 |
| John Heisdorffer | Director | 9A |
| Tom Oswald | Director | At Large |
| Roy Arends | Director | At Large |
| Ron Heck | Director | At Large |
| Jim Andrew | Director | At Large |

SCHNOES & DAHM, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL F. SCHNOES
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Iowa Soybean Association
Des Moines, Iowa

We have audited the accompanying consolidated statements of financial position of Iowa Soybean Association and Subsidiaries as of September 30, 2006 and 2005, and the related consolidated statements of activities and net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provided a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Iowa Soybean Association and Subsidiaries as of September 30, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

November 30, 2006

Schnoes & Dahm, P.C.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Consolidated Statements of Financial Position

September 30, 2006 and 2005

| | <u>Assets</u> | <u>2006</u> | <u>2005</u> |
|--|---------------|---------------------|------------------|
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ | 4,445,648 | 4,573,930 |
| United States Treasury Bills | | 796,029 | 766,309 |
| Certificates of Deposit | | 293,656 | 307,371 |
| Accrued Interest Receivable | | 2,496 | 3,242 |
| Accounts Receivable | | 2,052,238 | 2,642,339 |
| Prepaid Memberships | | 107,853 | 102,178 |
| Income Tax Receivable | | - | 5,071 |
| Prepaid Expense and Other Assets | | 109,666 | 154,328 |
| Total Current Assets | | <u>7,807,586</u> | <u>8,554,768</u> |
| Property and Equipment: | | | |
| Office Equipment | | 657,562 | 607,610 |
| Leased Computers | | 110,636 | 53,401 |
| Leasehold Improvements | | 154,525 | 154,525 |
| Less Accumulated Depreciation and Amortization | | (730,864) | (651,308) |
| Net Property and Equipment | | <u>191,859</u> | <u>164,228</u> |
| Other Assets: | | | |
| Prepaid Memberships | | 52,502 | 63,432 |
| Total Other Assets | | <u>52,502</u> | <u>63,432</u> |
| Total Assets | | <u>\$ 8,051,947</u> | <u>8,782,428</u> |
| <u>Liabilities and Net Assets</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ | 2,799,415 | 2,968,798 |
| Capital Lease Obligation, Current Portion | | 24,560 | 19,638 |
| Accrued Payroll and Related Expenses | | 120,920 | 112,944 |
| Income Taxes Payable | | 12,815 | - |
| Unearned Revenue: | | | |
| Memberships | | 149,271 | 151,624 |
| Sponsorships | | 264,113 | 381,968 |
| Total Current Liabilities | | <u>3,371,094</u> | <u>3,634,972</u> |
| Long-Term Liabilities: | | | |
| Accrued Pension Liability | | 217,013 | 142,508 |
| Capital Lease Obligation | | 34,264 | 5,982 |
| Unearned Revenue - Memberships | | 73,667 | 93,979 |
| Total Long-Term Liabilities | | <u>324,944</u> | <u>242,469</u> |
| Total Liabilities | | <u>3,696,038</u> | <u>3,877,441</u> |
| Net Assets: | | | |
| Unrestricted: | | | |
| Operating | | 944,136 | 728,599 |
| Checkoff | | 3,411,773 | 4,176,388 |
| Total Net Assets | | <u>4,355,909</u> | <u>4,904,987</u> |
| Total Liabilities and Net Assets | | <u>\$ 8,051,947</u> | <u>8,782,428</u> |

The accompanying notes are an integral part of these financial statements.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Consolidated Statements of Activities and Net Assets

For the Years Ended September 30, 2006 and 2005

| | 2006 | | | 2005 | | |
|--|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| | <u>Operating</u> | <u>Checkoff</u> | <u>Total</u> | <u>Operating</u> | <u>Checkoff</u> | <u>Total</u> |
| Revenue: | | | | | | |
| Membership | \$ 154,583 | - | 154,583 | 110,979 | - | 110,979 |
| Communications | 876,658 | - | 876,658 | 794,127 | - | 794,127 |
| Special Events | 2,200,993 | - | 2,200,993 | 1,734,724 | - | 1,734,724 |
| Contract Revenue | 186,793 | - | 186,793 | 3,100,554 | - | 3,100,554 |
| Demand Committee | - | 205,958 | 205,958 | - | - | - |
| Supply Committee | - | 75,053 | 75,053 | - | - | - |
| Assessments-National Checkoff | - | 14,190,440 | 14,190,440 | - | 2,998,211 | 2,998,211 |
| Other States | 107,703 | - | 107,703 | 479,902 | - | 479,902 |
| Administrative: | | | | | | |
| Interest Income | 16,786 | 149,765 | 166,551 | 7,893 | 30,784 | 38,677 |
| Other | 166,454 | - | 166,454 | 161,305 | - | 161,305 |
| Total Revenue | <u>3,709,970</u> | <u>14,621,216</u> | <u>18,331,186</u> | <u>6,389,484</u> | <u>3,028,995</u> | <u>9,418,479</u> |
| Expenses: | | | | | | |
| Membership | 185,617 | - | 185,617 | 79,536 | - | 79,536 |
| Communications | 786,019 | - | 786,019 | 654,176 | - | 654,176 |
| Special Events | 2,161,983 | - | 2,161,983 | 1,705,608 | - | 1,705,608 |
| Contract Expense | 132,218 | - | 132,218 | 3,074,816 | - | 3,074,816 |
| Checkoff Assessments Paid | | | | | | |
| to USB and Other States | - | 7,581,883 | 7,581,883 | - | 1,595,141 | 1,595,141 |
| Demand Committee | - | 3,631,361 | 3,631,361 | - | 700,468 | 1,187,904 |
| Supply Committee | - | 2,888,437 | 2,888,437 | - | 1,187,904 | 700,468 |
| Other States | 107,703 | - | 107,703 | 479,902 | - | 479,902 |
| Information & Education | - | 843,398 | 843,398 | - | - | - |
| Administrative | 159,567 | 440,752 | 600,319 | 143,490 | 131,647 | 275,137 |
| Total Expenses | <u>3,533,107</u> | <u>15,385,831</u> | <u>18,918,938</u> | <u>6,137,528</u> | <u>3,615,160</u> | <u>9,752,688</u> |
| Income from Operations | | | | | | |
| Before Income Taxes | 176,863 | (764,615) | (587,752) | 251,956 | (586,165) | (334,209) |
| Income Taxes | <u>26,036</u> | <u>-</u> | <u>26,036</u> | <u>17,377</u> | <u>-</u> | <u>17,377</u> |
| Increase (Decrease) in Net Assets | <u>150,827</u> | <u>(764,615)</u> | <u>(613,788)</u> | <u>234,579</u> | <u>(586,165)</u> | <u>(351,586)</u> |
| Net Assets - Beginning of Year | <u>728,599</u> | <u>4,176,388</u> | <u>4,904,987</u> | <u>494,020</u> | <u>4,762,553</u> | <u>5,256,573</u> |
| Ag Tech Foundation Net Assets | 64,710 | - | 64,710 | - | - | - |
| Net Assets - End of Year | <u>\$ 944,136</u> | <u>3,411,773</u> | <u>4,355,909</u> | <u>728,599</u> | <u>4,176,388</u> | <u>4,904,987</u> |

The accompanying notes are an integral part of these financial statements.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended September 30, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|--|----------------------------|-------------------------|
| Cash Flows from Operations: | | |
| Increase (Decrease) in Net Assets | \$ (613,788) | (351,586) |
| Adjustments to Reconcile Decrease in Net Assets to Net Cash (Used in) Provided by Operations: | | |
| Depreciation and Amortization | 79,556 | 75,684 |
| Accretion of Discount | (30,588) | (5,643) |
| Decrease (Increase) in Receivables | 590,847 | (355,767) |
| Decrease in Prepaid Memberships | 5,255 | 46,492 |
| Change in Income Tax Receivable/Payable | 17,886 | 15,756 |
| Decrease in Prepaid Expenses | 44,662 | 302,057 |
| (Decrease) Increase in Accounts Payable and Accrued Expenses | (86,902) | 238,495 |
| (Decrease) Increase in Unearned Revenue | (140,520) | (471,500) |
| Net Cash Flows (Used in) Provided by Operations | <u>(133,592)</u> | <u>(506,012)</u> |
| Cash Flows from Investing Activities: | | |
| Net Purchase of Certificates of Deposit | (569,104) | (204,000) |
| Maturity of Certificates of Deposit | 582,819 | 204,000 |
| Net Purchase of U.S. Treasury Bills | (1,558,132) | (637,874) |
| Maturity of U.S. Treasury Bills | 1,559,000 | 638,000 |
| Purchase of Property and Equipment | (49,952) | (108,573) |
| Net Assets from Ag Technology Foundation | 64,710 | - |
| Net cash and cash equivalents received from Soybean Checkoff | - | 4,033,616 |
| Net Cash Flows Provided by Investing Activities | <u>29,341</u> | <u>3,925,169</u> |
| Cash Flows from Financing Activities: | | |
| Payments on Capital Lease | (24,031) | (15,603) |
| Net Cash Flows Used in Financing Activities | <u>(24,031)</u> | <u>(15,603)</u> |
| Net (Decrease) Increase in Cash and Cash Equivalents | (128,282) | 3,403,554 |
| Cash and Cash Equivalents - Beginning of Year | <u>4,573,930</u> | <u>1,170,376</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 4,445,648</u> | <u>4,573,930</u> |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash Paid During the Year for Income Taxes | <u>\$ 8,144</u> | <u>1,878</u> |
| Leased Computer Financed as Capital Leases | <u>\$ 57,235</u> | <u>-</u> |

The accompanying notes are an integral part of these financial statements.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES
Des Moines, Iowa

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2006 and 2005

(1) Organization and Nature of Business

The Iowa Soybean Association (the Association) is a membership organization created to aid in the promotion of the soybean industry in Iowa through education, research, marketing, transportation studies, and public relations programs. The Association also fosters research designed to develop new, additional, and improved uses for soybean products and determine better methods of converting them to various industrial and human uses.

The Association was incorporated in the state of Iowa and qualifies as a nonprofit association organized for charitable or mutual benefit purposes, which is exempt from income taxation under Section 501(c)(5) of the Internal Revenue Code. The Association is, however, liable for income taxes to the extent that it records unrelated business income net of related expenses.

The Association receives support from the Iowa Soybean Promotion Board in the form of contract services to support projects of the Iowa Soybean Association.

The Association's wholly owned subsidiary, AgInsight, Inc. was incorporated in the state of Iowa as a for-profit entity on April 15, 2000, and is engaged in the promotion of the agricultural industry.

The consolidated financial statements included the net assets of the Ag Technology and Environmental Stewardship Foundation, Inc. (Ag Technology Foundation), a private foundation incorporated in the State of Iowa and engaged in promotion and research in the use of technology in agriculture. The members of the Board of Directors of Ag Technology Foundation are the same as the Association.

(2) Summary of Significant Accounting Policies

The significant accounting practices and policies are summarized below:

Restricted and Unrestricted Net Assets

The Association classifies its net assets and revenues and expenses based on the existence or absence of restrictions. Accordingly the net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets are those not subject to any restrictions.

Restricted net assets (if applicable) are those net assets and revenues and expenses with restrictions on the use established by the donor.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(2) Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At September 30, 2006 and 2005, certificates of deposit totaling \$-0- and \$95,000, respectively, were included in cash and cash equivalents.

United States Treasury Bills and Certificates of Deposit

United States Treasury Bills and certificates of deposit are carried at cost, which approximates the market value.

Bad Debt Expense

Bad debt expense is recorded by the specific write-off method. The Association has determined that a provision for bad debts is not material at this time.

Nature of Operations and Concentration of Credit Risks

The Association grants credit in the normal course of business to its advertising and sponsorship customers, substantially all of who are associated with the agricultural industry. Consequently, the ability of the Association to collect amounts due is affected by economic fluctuations in the agricultural industry.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are carried at cost. Depreciation expense is calculated primarily using the straight-line method over the estimated useful lives of 3 to 10 years. Amortization of leasehold improvements is calculated using the straight-line method over the related lease terms, which range from 36 to 60 months.

Maintenance and repairs are expensed as incurred. When property and equipment are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and gains or losses on the dispositions are recognized in earnings.

Depreciation expense amounted to \$71,569 and \$64,262 for the years ended September 30, 2006 and 2005, respectively. Amortization expense of leasehold improvements amounted to \$7,987 and \$11,422 for the years ended September 30, 2006 and 2005, respectively.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(2) Summary of Significant Accounting Policies, continued

Membership Dues

Membership dues are recognized as revenue in the applicable membership period. Such amounts received but not yet earned are recorded as unearned revenue.

Income Taxes

The Association qualifies as a nonprofit association organized for charitable or mutual benefit purposes, which is exempt from income taxation under Section 501(c)(5) of the Internal Revenue Code. The Association is, however, liable for income taxes to the extent that it records unrelated business income net of related expenses.

AgInsight, Inc. operates as a for-profit entity and as such is subject to federal and state corporate income taxes.

Iowa Ag Foundation qualifies as a private foundation which is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.

Income tax expense includes federal and state income taxes payable currently and deferred taxes arising from temporary differences between income from financial reporting and income tax reporting are recorded when material.

Advertising Expenses

The Association and subsidiary expense advertising costs in the year in which they are incurred. Advertising expenses amounted to \$492,009 and \$425,391 for the years ended September 30, 2006 and 2005, respectively.

(3) Income Taxes

Components of the provision for income tax expense for the year ended September 30, 2006 and 2005 are as follows:

| | 2006 | | | 2005 | | |
|---------|------------------|-----------------|---------------|----------------|-----------------|---------------|
| | <u>Current</u> | <u>Deferred</u> | <u>Total</u> | <u>Current</u> | <u>Deferred</u> | <u>Total</u> |
| Federal | \$ 19,490 | -- | 19,490 | 12,406 | -- | 12,406 |
| State | <u>6,546</u> | <u>--</u> | <u>6,546</u> | <u>4,971</u> | <u>--</u> | <u>4,971</u> |
| | <u>\$ 26,036</u> | <u>--</u> | <u>26,036</u> | <u>17,377</u> | <u>--</u> | <u>17,377</u> |

The current provision for income taxes resulted from unrelated business income from advertising at the Association. As of September 30, 2006, the Association's subsidiary has federal and state net operating losses approximating \$168,000, which are available to offset future operating profits of the subsidiary through September 2022.

Deferred income taxes, when material, arise from temporary differences resulting from the treatment of income and expense items reported for financial accounting and tax purposes in different years. Deferred taxes are classified as current or non-current, depending on the years in which the temporary differences are expected to reverse.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(3) Income Taxes, continued

The amount for deferred income tax assets, all related to the Association's subsidiary, as of September 30, 2006 and 2005, are as follows:

| | <u>2006</u> | <u>2005</u> |
|---------------------------------|-----------------|-----------------|
| Deferred tax asset: | | |
| Net operating loss carryforward | \$ 67,000 | 97,000 |
| Valuation allowance | <u>(67,000)</u> | <u>(97,000)</u> |
| Net deferred tax asset | - | - |
| Deferred tax liabilities | <u>-</u> | <u>-</u> |
| Net deferred taxes | \$ <u>-</u> | <u>-</u> |

During the year ended September 30, 2006, the Association's subsidiary decreased the valuation allowance by \$30,000. During the year ended September 30, 2005, the Association's subsidiary decreased the valuation allowance by \$5,000.

(4) Retirement Plans

The Association has a 401(k) savings plan covering substantially all employees. Employees may contribute up to 20 percent of their pre-tax earnings. In addition, the Association matches the employee contribution, 100 percent of the first 5 percent of employee contribution. For the years ended September 30, 2006 and 2005, the Association recognized matching contribution expense of \$87,633 and \$83,640, respectively.

The Association participates in a defined benefit retirement plan, which covers substantially all eligible full-time employees and is funded solely by employer contributions. The plan provides for monthly income for life upon retirement or upon total and permanent disability. Plan benefits are generally based on years of service and employee compensation during the last years of employment.

The Association intends to continue to participate in the plan indefinitely, however, it may voluntarily discontinue the plan at any time. This plan uses the aggregate cost method of evaluation. Under this method, the normal cost is adjusted each year to reflect the experience under the plan, automatically spreading gains or losses over future years.

The actuarially calculated funding status of the pension plan as of September 30, 2006 and 2005, is as follows:

| | <u>2006</u> | <u>2005</u> |
|--|---------------------|------------------|
| Projected Benefit Obligation | \$1,206,391 | 1,207,127 |
| Plan Assets at Fair Value | <u>730,736</u> | <u>614,883</u> |
| Plan Assets in Excess (Deficit) of Projected Benefit | (475,655) | (592,244) |
| Unrecognized Prior Service Cost | 3,842 | 4,309 |
| Unrecognized Net (Gain) Loss | 254,800 | 445,427 |
| Prepaid (Accrued) Pension Costs | \$ <u>(217,013)</u> | <u>(142,508)</u> |

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(4) Retirement Plans, continued

Pension expense for the years ended September 30, 2006 and 2005, includes the following components:

| | <u>2006</u> | <u>2005</u> |
|--|-------------------|----------------|
| Components of Net Periodic Pension Cost: | | |
| Service Cost | \$ 126,686 | 96,885 |
| Interest Cost | 60,056 | 49,487 |
| Expected Return on Assets | (50,563) | (40,612) |
| Amortization of Prior Service Cost | 467 | 467 |
| Recognized Net Actuarial Loss | <u>25,956</u> | <u>17,852</u> |
| Net Periodic Pension Cost | <u>\$ 161,602</u> | <u>124,079</u> |

The discount rate and rate of increase in future salaries used in determining the actuarial present value of the projected benefit obligations were 5.75 and 6.10 percent and 5.00 and 6.16 percent for the years ended September 30, 2006 and 2005, respectively. The expected long-term rate of return on plan assets is 7.75 and 8.00 percent for the years ended September 30, 2006 and 2005, respectively.

(5) Capital Lease

The Association has a capital lease on computer equipment, which requires monthly payments ranging from \$67 to \$1,208 through June 2009. The Association is responsible for the maintenance, insurance and other operating costs of the equipment. The following is a summary of future minimum payments under the capitalized lease:

| | |
|---|------------------|
| <u>Year ending September 30,</u> | |
| 2007 | \$ 31,206 |
| 2008 | 23,376 |
| 2009 | <u>14,502</u> |
| Total minimum payments | 69,084 |
| Imputed interest | <u>(10,260)</u> |
| Present value of minimum capitalized lease payments | 58,824 |
| Less current portion | <u>24,560</u> |
| Long-term capitalized lease | \$ <u>34,264</u> |

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(6) Operating Leases

The Association leases office space located Urbandale, Iowa through August 31, 2009. The Company pays a base rent amount plus an additional rental amount for maintenance, taxes, etc. Rent expense under this lease for the years ended September 30, 2006 and 2005 was \$225,195 and \$213,333, respectively.

The Association also leases equipment and vehicles under noncancelable operating leases, with various terms. Total rent and lease expense on these leases in effect for the years ended September 30, 2006 and 2005 was approximately \$94,860 and \$134,846, respectively.

The following is a schedule of future minimum rental payments, including additional rents for maintenance and taxes, under noncancelable operating leases in existence as of September 30, 2006:

| | <u>Office</u> | <u>Equipment</u> |
|------------|-------------------|------------------|
| 2007 | 220,307 | 77,365 |
| 2008 | 220,307 | 62,697 |
| 2009 | 201,948 | 16,581 |
| 2010 | - | - |
| 2011 | - | - |
| Thereafter | - | - |
| | <u>\$ 642,562</u> | <u>156,643</u> |

(7) Related Party Transactions

The Association has various transactions with its national affiliate, American Soybean Association, most significant of which is the collection and remittance of national dues from members.

The Association, at September 30, 2006 and 2005, had receivables of \$-0- and \$749, respectively, and payables of \$27,999 and \$3,737, respectively, with the American Soybean Association.

Effective July 1, 2005 the Association merged with the Iowa Soybean Promotion Board (now named the Soybean Checkoff Account), prior to the merger the Association had various transactions with the Iowa Soybean Promotion Board, which had significant influence over the Association's operation, including the receipt of revenue and payment of expenditures, for purposes of carrying out projects on behalf of the Iowa Soybean Promotion Board. Additionally, the Association received support from the Iowa Soybean Promotions Board, in the form of contract services to support projects of the Association. These contract services amounted to \$3,056,963, for the year ended September 30, 2005.

SCHNOES & DAHM, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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GREGORY D. DAHM

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Iowa Soybean Association
Des Moines, Iowa

Our audit of the basic financial statements was made primarily to form an opinion on such financial statements taken as a whole. The accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Schnoes & Dahm, P.C.

November 30, 2006

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Financial Position

September 30, 2006

Assets

| | <u>Iowa Soybean Association</u> | <u>AgInsight Inc.</u> | <u>Ag Technology Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|---|---------------------------|---|---------------------|---------------------|
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 4,292,969 | 67,097 | 85,582 | - | 4,445,648 |
| United States Treasury Bills | 796,029 | - | | - | 796,029 |
| Certificates of Deposit | 293,656 | - | | - | 293,656 |
| Accrued Interest Receivable | 2,496 | - | | - | 2,496 |
| Accounts Receivable | 2,070,478 | 75,887 | 1,400 | (95,527) | 2,052,238 |
| Prepaid Memberships | 107,853 | - | | - | 107,853 |
| Income Tax Receivable | - | - | | - | - |
| Note Receivable | - | - | | - | - |
| Prepaid Expense and Other Assets | 109,666 | - | | - | 109,666 |
| Total Current Assets | <u>7,673,147</u> | <u>142,984</u> | <u>86,982</u> | <u>(95,527)</u> | <u>7,807,586</u> |
| Property and Equipment: | | | | | |
| Office Equipment | 657,562 | - | | - | 657,562 |
| Leased Computers | 110,636 | - | | - | 110,636 |
| Leasehold Improvements | 154,525 | - | | - | 154,525 |
| Less Accumulated Depreciation and Amortization | <u>(730,864)</u> | <u>-</u> | | <u>-</u> | <u>(730,864)</u> |
| Net Property and Equipment | <u>191,859</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>191,859</u> |
| Other Assets: | | | | | |
| Prepaid Memberships | 52,502 | - | | - | 52,502 |
| Investment in AgInsight, Inc. | 25,646 | - | | (25,646) | - |
| Total Other Assets | <u>78,148</u> | <u>-</u> | <u>-</u> | <u>(25,646)</u> | <u>52,502</u> |
| Total Assets | <u>\$ 7,943,154</u> | <u>142,984</u> | <u>86,982</u> | <u>(121,173)</u> | <u>8,051,947</u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Financial Position

September 30, 2006

Liabilities and Net Assets

| | <u>Iowa Soybean Association</u> | <u>AgInsight Inc.</u> | <u>Ag Technology Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|---|---------------------------|---|-------------------------|-------------------------|
| Current Liabilities: | | | | | |
| Accounts Payable | \$ 2,780,636 | 103,749 | 10,557 | (95,527) | 2,799,415 |
| Capital Lease Obligation, Current Portion | 24,560 | - | - | - | 24,560 |
| Accrued Payroll and Related Expenses | 120,920 | - | - | - | 120,920 |
| Income Taxes Payable | 12,815 | - | - | - | 12,815 |
| Unearned Revenue: | | | | | |
| Memberships | 149,271 | - | - | - | 149,271 |
| Sponsorships | 250,524 | 13,589 | - | - | 264,113 |
| Total Current Liabilities | <u>3,338,726</u> | <u>117,338</u> | <u>10,557</u> | <u>(95,527)</u> | <u>3,371,094</u> |
| Long-Term Liabilities: | | | | | |
| Accrued Pension Liability | 217,013 | - | - | - | 217,013 |
| Capital Lease Obligation | 34,264 | - | - | - | 34,264 |
| Unearned Revenue-Memberships | 73,667 | - | - | - | 73,667 |
| Total Long-Term Liabilities | <u>324,944</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>324,944</u> |
| Total Liabilities | <u>3,663,670</u> | <u>117,338</u> | <u>10,557</u> | <u>(95,527)</u> | <u>3,696,038</u> |
| Net Assets: | | | | | |
| Operating | 527,108 | - | 76,425 | - | 603,533 |
| Checkoff | 3,752,376 | - | - | - | 3,752,376 |
| Net Assets | <u>4,279,484</u> | <u>-</u> | <u>76,425</u> | <u>-</u> | <u>4,355,909</u> |
| Stockholder's Equity: | | | | | |
| Common Stock | - | 200,000 | - | (200,000) | - |
| Accumulated Deficit | - | (174,354) | - | 174,354 | - |
| Total Net Assets and Stockholder's Equity | <u>4,279,484</u> | <u>25,646</u> | <u>76,425</u> | <u>(25,646)</u> | <u>4,355,909</u> |
| Total Liabilities and Net Assets | <u><u>\$ 7,943,154</u></u> | <u><u>142,984</u></u> | <u><u>86,982</u></u> | <u><u>(121,173)</u></u> | <u><u>8,051,947</u></u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES
Consolidating Statement of Financial Position
September 30, 2005

Assets

| | <u>Iowa Soybean</u> | <u>AgInsight, Inc.</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|----------------------------|-------------------------------|----------------------------|----------------------------|
| | <u>Association</u> | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 4,515,001 | 58,929 | - | 4,573,930 |
| United States Treasury Bills | 766,309 | - | - | 766,309 |
| Certificates of Deposit | 307,371 | - | - | 307,371 |
| Accrued Interest Receivable | 3,242 | - | - | 3,242 |
| Accounts Receivable | 2,583,744 | 108,595 | (50,000) | 2,642,339 |
| Prepaid Memberships | 102,178 | - | - | 102,178 |
| Income Tax Receivable | 5,071 | - | - | 5,071 |
| Note Receivable | 179,205 | - | (179,205) | - |
| Prepaid Expense and Other Assets | 154,328 | - | - | 154,328 |
| Total Current Assets | <u>8,616,449</u> | <u>167,524</u> | <u>(229,205)</u> | <u>8,554,768</u> |
| Property and Equipment: | | | | |
| Office Equipment | 607,610 | - | - | 607,610 |
| Leased Computers | 53,401 | - | - | 53,401 |
| Leasehold Improvements | 154,525 | - | - | 154,525 |
| Less Accumulated Depreciation and Amor | (651,308) | - | - | (651,308) |
| Net Property and Equipment | <u>164,228</u> | <u>-</u> | <u>-</u> | <u>164,228</u> |
| Other Assets: | | | | |
| Prepaid Memberships | 63,432 | - | - | 63,432 |
| Investment in AgInsight, Inc. | (48,840) | - | 48,840 | - |
| Total Other Assets | <u>14,592</u> | <u>-</u> | <u>48,840</u> | <u>63,432</u> |
| Total Assets | <u>\$ 8,795,269</u> | <u>167,524</u> | <u>(180,365)</u> | <u>8,782,428</u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Financial Position

September 30, 2005

Liabilities and Net Assets

| | <u>Iowa Soybean Association</u> | <u>AgInsight, Inc.</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|-------------------------------------|------------------------|-------------------------|-------------------------|
| Current Liabilities: | | | | |
| Accounts Payable | \$ 2,981,639 | 37,159 | (50,000) | 2,968,798 |
| Capital Lease Obligation, Current Portion | 19,638 | - | - | 19,638 |
| Accrued Payroll and Related Expenses | 112,944 | - | - | 112,944 |
| Note Payable to ISA | - | 179,205 | (179,205) | - |
| Unearned Revenue: | - | | | |
| Memberships | 151,624 | - | - | 151,624 |
| ISPB Contract | - | - | - | - |
| Sponsorships | 381,968 | - | - | 381,968 |
| Total Current Liabilities | <u>3,647,813</u> | <u>216,364</u> | <u>(229,205)</u> | <u>3,634,972</u> |
| Long-Term Liabilities: | | | | |
| Accrued Pension Liability | 142,508 | - | - | 142,508 |
| Capital Lease Obligation | 5,982 | - | - | 5,982 |
| Unearned Revenue-Memberships | 93,979 | - | - | 93,979 |
| Total Long-Term Liabilities | <u>242,469</u> | <u>-</u> | <u>-</u> | <u>242,469</u> |
| Total Liabilities | <u>3,890,282</u> | <u>216,364</u> | <u>(229,205)</u> | <u>3,877,441</u> |
| Net Assets: | | | | |
| Operating | 547,736 | | | 547,736 |
| Checkoff | 4,357,251 | - | - | 4,357,251 |
| Net Assets | <u>4,904,987</u> | <u>-</u> | <u>-</u> | <u>4,904,987</u> |
| Stockholder's Equity: | | | | |
| Common Stock | - | 200,000 | (200,000) | - |
| Accumulated Deficit | - | (248,840) | 248,840 | - |
| Total Net Assets and Stockholder's Equity | <u>4,904,987</u> | <u>(48,840)</u> | <u>48,840</u> | <u>4,904,987</u> |
| Total Liabilities and Net Assets | <u><u>\$ 8,795,269</u></u> | <u><u>167,524</u></u> | <u><u>(180,365)</u></u> | <u><u>8,782,428</u></u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Activities

For the Year Ended September 30, 2006

| | <u>Iowa Soybean Association</u> | <u>AgInsight, Inc.</u> | <u>Ag Technology Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|-------------------------------------|----------------------------|---|---------------------|---------------------|
| Revenue: | | | | | |
| Membership | \$ 154,583 | - | - | - | 154,583 |
| Communications | 815,391 | 122,930 | - | (61,663) | 876,658 |
| Special Events | 2,166,206 | - | 70,000 | (35,213) | 2,200,993 |
| Contract Revenue | 139,634 | 151,581 | - | (104,422) | 186,793 |
| Demand Committee | 205,958 | - | - | - | 205,958 |
| Supply Committee | 75,053 | - | - | - | 75,053 |
| Assessments-National Checkoff | 14,190,440 | - | - | - | 14,190,440 |
| Other States | 107,703 | - | - | - | 107,703 |
| Administrative: | | | | | |
| Interest Income | 176,874 | - | - | (10,323) | 166,551 |
| Other | 173,942 | - | - | (7,488) | 166,454 |
| Total Revenue | <u>18,205,784</u> | <u>274,511</u> | <u>70,000</u> | <u>(219,109)</u> | <u>18,331,186</u> |
| Expenses: | | | | | |
| Membership | 185,617 | - | - | - | 185,617 |
| Communications | 705,394 | 84,003 | 58,285 | (61,663) | 786,019 |
| Special Events | 2,197,196 | - | - | (35,213) | 2,161,983 |
| Contract Expense | 139,634 | 97,006 | - | (104,422) | 132,218 |
| Checkoff Assessments Paid | 7,581,883 | - | - | - | 7,581,883 |
| Demand Committee | 3,631,361 | - | - | - | 3,631,361 |
| Supply Committee | 2,888,437 | - | - | - | 2,888,437 |
| Other States | 107,703 | - | - | - | 107,703 |
| Information & Education | 843,398 | - | - | - | 843,398 |
| Administrative | 599,113 | 19,017 | - | (17,811) | 600,319 |
| Total Expenses | <u>18,879,736</u> | <u>200,026</u> | <u>58,285</u> | <u>(219,109)</u> | <u>18,918,938</u> |
| Income (Loss) from Operations Before Income Taxes | (673,952) | 74,485 | 11,715 | - | (587,752) |
| Income Taxes | <u>26,036</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>26,036</u> |
| Income Before Equity in Net Loss of Subsidiary | (699,988) | 74,485 | 11,715 | - | (613,788) |
| Equity in Net Income of Subsidiary | <u>74,485</u> | <u>-</u> | <u>-</u> | <u>(74,485)</u> | <u>-</u> |
| (Decrease) Increase in Net Assets | <u>\$ (625,503)</u> | <u>74,485</u> | <u>11,715</u> | <u>(74,485)</u> | <u>(613,788)</u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Consolidating Statement of Activities

For the Year Ended September 30, 2005

| | Iowa Soybean Association | AgInsight, Inc. | Eliminations | Consolidated |
|--|-------------------------------------|------------------------|---------------------|---------------------|
| Revenue: | | | | |
| Membership | \$ 110,979 | - | - | 110,979 |
| Communications | 761,768 | 142,945 | (110,586) | 794,127 |
| Special Events | 1,734,724 | - | - | 1,734,724 |
| Contract Revenue | 3,056,963 | 141,470 | (97,879) | 3,100,554 |
| Assessments-National Checkoff | 2,998,211 | - | - | 2,998,211 |
| Other States | 479,902 | - | - | 479,902 |
| Administrative: | | | | |
| Interest Income | 46,088 | - | (7,411) | 38,677 |
| Other | 164,173 | - | (2,868) | 161,305 |
| Total Revenue | <u>9,352,808</u> | <u>284,415</u> | <u>(218,744)</u> | <u>9,418,479</u> |
| Expenses: | | | | |
| Membership | 79,536 | - | - | 79,536 |
| Communications | 646,879 | 117,883 | (110,586) | 654,176 |
| Special Events | 1,705,608 | - | - | 1,705,608 |
| Contract Expense | 3,056,964 | 115,731 | (97,879) | 3,074,816 |
| Checkoff Assessments Paid | 1,595,141 | - | - | 1,595,141 |
| Production Technology | 700,468 | - | - | 700,468 |
| Market Development | 1,187,904 | - | - | 1,187,904 |
| Other States | 479,902 | - | - | 479,902 |
| Administrative | 273,508 | 11,908 | (10,279) | 275,137 |
| Total Expenses | <u>9,725,910</u> | <u>245,522</u> | <u>(218,744)</u> | <u>9,752,688</u> |
| Income (Loss) from Operations | | | | |
| Before Income Taxes | (373,102) | 38,893 | - | (334,209) |
| Income Taxes | <u>17,377</u> | <u>-</u> | <u>-</u> | <u>17,377</u> |
| Income Before Equity in | | | | |
| Net Loss of Subsidiary | (390,479) | 38,893 | - | (351,586) |
| Equity in Net Income of Subsidiary | <u>38,893</u> | <u>-</u> | <u>(38,893)</u> | <u>-</u> |
| (Decrease) Increase in Net Assets | <u>\$ (351,586)</u> | <u>38,893</u> | <u>(38,893)</u> | <u>(351,586)</u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Iowa Soybean Association Schedule of Revenues

For the Years Ended September 30, 2006 and 2005

| | <u>2006</u> | <u>2005</u> | <u>Increase (Decrease)</u> |
|---------------------------------------|-----------------------------|-----------------------------|--------------------------------|
| Contract Revenue: | | | |
| Iowa Soybean Promotion Board | \$ - | 3,056,963 | (3,056,963) |
| Expense Reimbursement | 2,971,811 | 2,289,248 | 682,563 |
| Other | 2,640 | 17,500 | (14,860) |
| | <u>2,974,451</u> | <u>5,363,711</u> | <u>(2,389,260)</u> |
| Assessments-National Checkoff | 14,190,439 | 2,998,211 | 11,192,228 |
| Membership Dues | 115,689 | 99,178 | 16,511 |
| Registration, Exhibit Fees, and Other | 15,047 | 18,985 | (3,938) |
| Sponsorships | 459,622 | 548,160 | (88,538) |
| Magazine Advertising Income | 273,122 | 278,475 | (5,353) |
| Investment Revenue | 176,874 | 46,088 | 130,786 |
| Other | 540 | - | 540 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 18,205,784</u> | <u>\$ 9,352,808</u> | <u>8,852,976</u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Iowa Soybean Association Schedule of Expenses

For the Years Ended September 30, 2006 and 2005

| | <u>2006</u> | <u>2005</u> | <u>Increase</u> <u>(Decrease)</u> |
|-------------------------------|-----------------------------|-------------------------|--------------------------------------|
| Checkoff Assessments Paid | \$ 7,581,883 | 1,595,141 | 5,986,742 |
| Research | 2,048,866 | 382,622 | 1,666,244 |
| Utilization Research | - | 35,829 | (35,829) |
| Per Diem | 18,650 | 4,200 | 14,450 |
| Copier Supplies | 5,263 | 5,457 | (194) |
| Depreciation and Amortization | 79,556 | 75,684 | 3,872 |
| Insurance - Business | 26,768 | 14,366 | 12,402 |
| Capital Lease Interest | 5,324 | 3,585 | 1,739 |
| Rent | 225,195 | 213,333 | 11,862 |
| Equipment Expenses | 122,674 | 191,680 | (69,006) |
| Internet | 15,793 | 13,441 | 2,352 |
| Salaries and Benefits | 3,194,795 | 2,754,899 | 439,896 |
| Staff Development | 12,934 | 8,891 | 4,043 |
| Employee Recruitment | 15,095 | 5,364 | 9,731 |
| Temporary Employment Agency | 3,039 | - | 3,039 |
| Contracted Personnel | 760,558 | 451,020 | 309,538 |
| Postage | 165,077 | 161,544 | 3,533 |
| Printing | 393,678 | 288,457 | 105,221 |
| Professional Fees | 499,297 | 285,627 | 213,670 |
| Field Staff Expenses | 28,422 | 7,682 | 20,740 |
| Commission | 66,358 | 56,541 | 9,817 |
| Conference Fees | 36,786 | 14,468 | 22,318 |
| Software Maintenance | 6,438 | 6,788 | (350) |
| Supplies | 177,479 | 202,975 | (25,496) |
| Travel | 128,274 | 62,209 | 66,065 |
| Board Travel | 197,222 | 95,929 | 101,293 |
| Staff Travel | 277,412 | 226,457 | 50,955 |
| Recognition/Awards | 32,433 | 7,434 | 24,999 |
| Telephone | 38,941 | 41,071 | (2,130) |
| Dues and Subscriptions | 59,619 | 39,285 | 20,334 |
| Marketing Funds | 1,808,487 | 1,744,509 | 63,978 |
| General Sponsorship | 96,700 | 55,500 | 41,200 |
| Leadership Program | 15,000 | 15,000 | - |
| World Food Prize Luncheon | 10,000 | - | 10,000 |
| Publications | 7,757 | 16,964 | (9,207) |
| Press Releases | 982 | 2,674 | (1,692) |
| List Rental | - | 1,842 | (1,842) |
| Polling | 20,548 | 10,767 | 9,781 |
| Trade Show/Displays | 16,744 | 18,097 | (1,353) |
| Advertising | 492,009 | 425,391 | 66,618 |
| Speaker Fees | 18,676 | 32,287 | (13,611) |
| Facilities/Food | 157,016 | 145,683 | 11,333 |
| Other | 11,988 | 5,217 | 6,771 |
| Total | <u><u>\$ 18,879,736</u></u> | <u><u>9,725,910</u></u> | <u><u>3,167,084</u></u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

AgInsight, Inc. Schedule of Revenues

For the Years Ended September 30, 2005 and 2004

| | <u>2006</u> | <u>2005</u> | <u>Increase (Decrease)</u> |
|---|-------------------|----------------|--------------------------------|
| Contract Revenue: | | | |
| Expense Reimbursement | \$ 136,456 | 269,955 | (133,499) |
| Other Revenues | <u>76,685</u> | <u>14,460</u> | <u>62,225</u> |
| | 213,141 | 284,415 | (71,274) |
| Registration, Exhibit Fees, and Other | - | - | - |
| Sponsorships | 61,370 | - | 61,370 |
| Investment Revenue | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 274,511</u> | <u>284,415</u> | <u>(9,904)</u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

AgInsight, Inc. Schedule of Expenses

For the Years Ended September 30, 2006 and 2005

| | <u>2006</u> | <u>2005</u> | <u>Increase</u> <u>(Decrease)</u> |
|------------------------------|-------------------|----------------|--------------------------------------|
| Conference Fees | \$ 2,280 | - | 2,280 |
| Copier Supplies | 331 | 215 | 116 |
| Equipment Expenses | 668 | 24,948 | (24,280) |
| Internet | 801 | 920 | (119) |
| Salaries and Benefits | 105,137 | 80,894 | 24,243 |
| Interest Expense on Note | 10,323 | 7,411 | 2,912 |
| Contracted Personnel | 1,310 | 6,790 | (5,480) |
| Postage | 3,678 | 3,935 | (257) |
| Printing | 2,823 | 6,322 | (3,499) |
| Professional Fees | 12,466 | 59,268 | (46,802) |
| Supplies | 1,580 | 4,729 | (3,149) |
| Travel | 5,615 | 5,682 | (67) |
| Board Travel | - | - | - |
| Staff Travel | 12,279 | 9,459 | 2,820 |
| Telephone | 1,873 | 1,964 | (91) |
| Dues and Subscriptions | 213 | 1,065 | (852) |
| Publications - Miscellaneous | - | 25 | (25) |
| Speaker Fees | - | 625 | (625) |
| Facilities/Food | 1,422 | - | 1,422 |
| Trade Show/Displays | - | 315 | (315) |
| Marketing Funds | 72 | 2,199 | (2,127) |
| Press Releases | - | 357 | (357) |
| Other | - | 45 | (45) |
| Administrative Allocable | 37,155 | 28,354 | 8,801 |
| Total | <u>\$ 200,026</u> | <u>245,522</u> | <u>(45,496)</u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

AgInsight, Inc. Revenues and Expenses by Division

For the Year Ended September 30, 2006

| <u>Division</u> | <u>Revenues</u> | <u>Expenses</u> | <u>Net Revenue (Expense)</u> |
|------------------------|------------------------|------------------------|---|
| Association Insight | 151,581 | 97,006 | 54,575 |
| Business Opportunities | - | 19,017 | (19,017) |
| Communications Insight | 21,168 | 16,391 | 4,777 |
| Food Insight | 101,762 | 67,612 | 34,150 |
| Research Services | - | - | - |
| Total | <u>\$ 274,511</u> | <u>200,026</u> | <u>74,485</u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES**AgInsight, Inc. Revenues and Expenses by Division**

For the Year Ended September 30, 2005

| <u>Division</u> | <u>Revenues</u> | <u>Expenses</u> | <u>Net Revenue (Expense)</u> |
|------------------------|-------------------|-----------------|----------------------------------|
| Association Insight | 141,470 | 115,731 | 25,739 |
| Business Opportunities | - | 11,908 | (11,908) |
| Communications Insight | 2,571 | 2,788 | (217) |
| Food Insight | 90,374 | 65,095 | 25,279 |
| Research Services | 50,000 | 50,000 | - |
| Total | <u>\$ 284,415</u> | <u>245,522</u> | <u>38,893</u> |

See Independent Auditor's Report on Supplementary Information.

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Soybean Check-Off Revenues and Expenses by Activity

For the Year Ended September 30, 2006

| | <u>Administration</u> | <u>Demand Committee</u> | <u>Supply Committee</u> | <u>Information & Education Committee</u> | <u>Total</u> |
|--|-----------------------|-----------------------------|-----------------------------|--|---------------------|
| Operating Revenues: | | | | | |
| Assessments - National Check-Off | | | | | \$ 13,873,123 |
| Assessments collected from other QSSBs | | | | | 317,317 |
| Total Checkoff Receipts | | | | | <u>14,190,440</u> |
| Interest | | | | | 149,765 |
| USB Funding of Research Projects | | | | | 75,053 |
| Total Operating Revenues | | | | | <u>14,415,258</u> |
| Less: | | | | | |
| Assessment revenue remitted to other QSSBs | | | | | (952,203) |
| Assessment revenue remitted to USB | | | | | (6,629,680) |
| Net Operating Revenue | | | | | <u>6,833,375</u> |
| Operating Expenses: | | | | | |
| Check-off and refund maintenance | \$ 37,818 | - | - | - | 37,818 |
| Administrative | 402,934 | - | - | - | 402,934 |
| Biodiesel Products | - | 96,450 | - | - | 96,450 |
| Biodiesel | - | 1,503,245 | - | - | 1,503,245 |
| Edible Procduts | - | 443,999 | - | - | 443,999 |
| International Market | - | 568,323 | - | - | 568,323 |
| Producer Programs | - | 220,566 | - | - | 220,566 |
| Soy InfoSource | - | 4,066 | - | - | 4,066 |
| Value Added | - | 549,754 | - | - | 549,754 |
| Ag State | - | 5,000 | - | - | 5,000 |
| National Biodiesel Board | - | 10,000 | - | - | 10,000 |
| USMEF | - | 8,000 | - | - | 8,000 |
| USAPEEC | - | 6,000 | - | - | 6,000 |
| USSEC | - | 10,000 | - | - | 10,000 |
| Environmental Services | - | - | 279,033 | - | 279,033 |
| ISA Farm Network | - | - | 37,979 | - | 37,979 |
| On Farm Research | - | - | 325,515 | - | 325,515 |
| Research Coordination | - | - | 197,044 | - | 197,044 |
| North Central Soybean Research Council | - | - | 475,000 | - | 475,000 |
| Research Projects | - | - | 1,573,866 | - | 1,573,866 |
| Checkoff Communications | - | - | - | 560,287 | 560,287 |
| Publications | - | - | - | 248,823 | 248,823 |
| Publication Inserts | - | - | - | 34,288 | 34,288 |
| | - | - | - | - | - |
| Total Operating Expenses | <u>\$ 440,752</u> | <u>3,425,403</u> | <u>2,888,437</u> | <u>843,398</u> | <u>7,597,990</u> |
| Operating Income (Expense) | | | | | <u>\$ (764,615)</u> |

IOWA SOYBEAN ASSOCIATION AND SUBSIDIARIES

Soybean Check-Off Revenues and Expenses by Activity

For the Three Month Period Ended September 30, 2005

| | <u>Administration</u> | <u>Demand Committee</u> | <u>Supply Committee</u> | <u>Total</u> |
|--|-----------------------|-----------------------------|-----------------------------|---------------------|
| Operating Revenues: | | | | |
| Assessments - National Check-Off | | | | \$ 2,969,756 |
| Assessments collected from other QSSBs | | | | 28,455 |
| Less: | | | | |
| Assessment revenue remitted to other QSSBs | | | | (197,108) |
| Assessment revenue remitted to USB | | | | (1,398,033) |
| Net Operating Revenue | | | | <u>1,403,070</u> |
| Operating Expenses: | | | | |
| Check-off and refund maintenance | \$ 4,726 | - | - | 4,726 |
| Aministrative | 55,460 | - | - | 55,460 |
| Contracted programs | 71,461 | 1,172,825 | 340,722 | 1,585,008 |
| In-State/Regional research | | 10,829 | 358,371 | 369,200 |
| U.S. Meat Export Federation | - | - | 1,375 | 1,375 |
| Soyfoods Council | - | 250 | - | 250 |
| National Biodiesel Board | - | 2,500 | - | 2,500 |
| U.S. Poultry and Egg Export Council | - | 1,500 | - | 1,500 |
| Total Operating Expenses | <u>\$ 131,647</u> | <u>1,187,904</u> | <u>700,468</u> | <u>2,020,019</u> |
| Operating Income (Expense) | | | | <u>\$ (616,949)</u> |